



3. Venue is proper under 28 U.S.C. § 1391(b) because the actions giving rise to the United States' allegations occurred in the District of Minnesota, and the subject property is located in the District of Minnesota.

### **PARTIES AND PROPERTY**

4. John Peet is an African-American male and is a resident of the District of Minnesota.
5. The subject property is located at 402 East 7th Street, Red Wing, Minnesota. The subject property is a dwelling as defined in Section 802(b) of the Fair Housing Act, 42 U.S.C. § 3602(b).
6. Defendant Loki Properties LLP ("Loki Properties") is a Minnesota limited liability partnership and has its principal place of business at 1547 Hay Creek Valley Road, Red Wing, Minnesota. At all times relevant to this action, Defendant Loki Properties owned the subject property at 402 East 7th Street, Red Wing, Minnesota, as well as other rental properties at 611 Bluff Street, Red Wing, Minnesota and 1521 East Avenue, Red Wing, Minnesota. At all times relevant to this action, Defendant Loki Properties was engaged in the business of apartment complex management and managed the subject property.
7. Defendant Robert Ryan is a resident of Red Wing, Minnesota. At all times relevant to this action, Defendant Robert Ryan was a partner of Loki Properties. At all times relevant to this action, Loki Properties managed the subject property and participated in, among other things, the rental of apartments.

### **FACTUAL ALLEGATIONS**

8. The subject property is a two-story apartment building with four units. Two units are located on the ground floor and two on the second floor.
9. John Peet is a participant in the Red Wing Housing and Redevelopment Authority (“RWHRA”) Section 8 voucher program (a government program that provides rental housing subsidies to low-income individuals and families). In or around July 2008, RWHRA’s housing choice voucher program coordinator, Becky Hinrichs, provided Mr. Peet with a list of housing providers accepting Section 8 vouchers in the Red Wing area. The subject property was listed on that list.
10. In or around late July or early August 2008, Mr. Peet first contacted Defendant Ryan by telephone to inquire about renting an apartment. Mr. Peet spoke to Defendant Ryan, who told him that staff from RWHRA had already contacted him and “vouched” for Mr. Peet. Defendant Ryan advised Mr. Peet that the subject property was undergoing renovations and invited Mr. Peet to inspect the subject property. At that time, Defendant Ryan also told Mr. Peet that he did not need to submit an application, but that he would need to provide his Section 8 paperwork.
11. Shortly thereafter, Mr. Peet visited the subject property and met with Defendant Ryan in person. Defendant Ryan informed Mr. Peet that he could choose the unit he was interested in renting. Mr. Peet inspected the units and expressed an interest in units 3 and 4 (the “second-floor units”). Mr. Peet also provided Defendant

Ryan with his Section 8 paperwork at that time. Defendant Ryan informed Mr. Peet that a unit would be ready for occupancy by October 1, 2008.

12. On or about September 1, 2008, a tenant named Julie Corks leased unit 1, one of the first-floor units, at the subject property. Julie Corks is a white female.
13. In or around September 2008, Mr. Peet contacted Defendant Ryan to inquire about the progress of the repairs. Defendant Ryan stated that a unit would be ready for occupancy in early to mid-October 2008. Defendant Ryan also informed Mr. Peet that he had lost Mr. Peet's Section 8 paperwork and requested that Mr. Peet leave a new copy in the mailbox near unit 2 at the subject property. Mr. Peet completed and resubmitted the paperwork as Defendant Ryan requested.
14. During the time Mr. Peet waited for the renovations to be completed on the second-floor units, he requested and received an extension to his Section 8 voucher from RWHRA.
15. On or about October 17, 2008, Mr. Peet contacted Defendant Ryan to inquire about completion of the renovations on the second-floor units. Defendant Ryan informed Mr. Peet for the first time that "it would not work," or words to that effect. Defendant Ryan told Mr. Peet that he could not rent one of the second-floor units to him due to his criminal background. When Mr. Peet attempted to explain that it had been over ten years, Defendant Ryan made a comment about Mr. Peet having outstanding bills on his record. Defendant Ryan did not give Mr.

Peet a chance to explain his criminal background before terminating the conversation by hanging up the phone.

16. Shortly after the October 17 conversation, Mr. Peet again contacted Defendant Ryan by phone. Defendant Ryan said, "I don't know what to tell you," or words to that effect. Defendant Ryan again terminated the call, and Mr. Peet did not hear from Defendant Ryan again.
17. Mr. Peet was never given an opportunity by Defendant Ryan or anyone else representing Loki Properties to explain his criminal record.
18. Loki Properties conducts background checks on its applicants by searching online public court records. It is Loki Properties' practice not to conduct background checks on applicants who are referred by the RWHRA because Loki Properties understands that a background check has already been performed by RWHRA.
19. Loki Properties has a policy of allowing applicants to explain their criminal backgrounds before denying their applications.
20. Loki Properties has a policy of not renting to anyone with a conviction of a felony or a violent crime.
21. Mr. Peet's criminal record demonstrates that he was charged with three felony complaints in 1992, sixteen years before he sought housing from Loki Properties. All three felony complaints were dismissed. Mr. Peet also had a conviction for a misdemeanor disorderly conduct in 1999, which he was not given an opportunity to explain to anyone at Loki Properties.

22. In or around November 2008, Jessie Lexvold, a white male, called Loki Properties to inquire about the availability of a unit for rent. Mr. Lexvold spoke with Joseph Tousignant, one of Mr. Ryan's partners, who informed Mr. Lexvold that a background check would be conducted.
23. Defendant Ryan met with Mr. Lexvold and his mother, Dora Lexvold, near the end of November 2008 to inspect a unit in Loki Properties' property at 611 Bluff Street, Red Wing, Minnesota. Defendant Ryan informed Mr. Lexvold that he had conducted a criminal background check on him and described his criminal record as "pretty shitty" or similar words to that effect. Nevertheless, Defendant Ryan told Mr. Lexvold that "everybody needs a second chance; we'll give you a second chance," or similar words to that effect.
24. Mr. Lexvold's criminal records revealed that he was charged with a number of felony complaints; four of which resulted in guilty convictions. The felony convictions occurred between 1996 and 2007, and several were for crimes of a violent nature, including a 1997 conviction for terrorist threats and a 1996 conviction for 5<sup>th</sup> degree assault.
25. Notwithstanding Mr. Lexvold's felony convictions and Defendant Loki Properties' policy of not renting to applicants with felonies and/or violent acts on their records, Loki Properties rented an apartment at 611 Bluff Street to Mr. Lexvold in or around December 2008. Mr. Lexvold resided there until sometime

around February 2009, when he was incarcerated. Mr. Lexvold was allowed to move in although he never signed a lease.

26. Because Mr. Peet had been rejected, Unit 3 in the subject property remained vacant until December 2008. At that time it was leased to Kendria Hicks, an African-American female. Unit 4 remained vacant until December 2008, when it was leased to Jay Linder, a white male.
27. As of approximately May 2010, when HUD completed its investigation, Loki Properties had not rented an apartment to any African-American male tenants.

#### **HUD ADMINISTRATIVE PROCESS**

28. On or about January 16, 2009, John Peet filed a timely complaint of discrimination with the Secretary of the Department of Housing and Urban Development (“the Secretary”), alleging that Defendant Robert Ryan, individually, had engaged in housing discrimination on the basis of race in violation of the Fair Housing Act. On or about June 1, 2009, Mr. Peet amended his complaint to add Defendant Loki Properties, owner of the subject property, and Loki Properties’ additional partners, Joseph Tousignant and Randal Ryan, alleging that the additional respondents also engaged in housing discrimination on the basis of race in violation of the Fair Housing Act. On July 23, 2009, the complaint was amended a second time to remove Joseph Tousignant and Randal Ryan, in their individual capacities, and to additionally allege that Loki Properties and Robert Ryan engaged in housing discrimination on the basis of sex in violation of the Fair Housing Act. The

second amendment to the complaint also corrected the address for the subject property.

29. Pursuant to the requirements of Sections 810(a) and (b) of the Fair Housing Act, 42 U.S.C. § 3610(a) and (b), the Secretary conducted an investigation of the complaint, attempted conciliation without success, and prepared a final investigative report.
30. Based on the information gathered in that investigation, the Secretary, pursuant to 42 U.S.C. § 3610(g)(1), determined that reasonable cause existed to believe that a discriminatory housing practice had occurred. On May 11, 2010, the Secretary issued a Charge of Discrimination pursuant to Section 810(g)(2)(A) of the Fair Housing Act, 42 U.S.C. § 3610(g)(2)(A), charging Defendants Robert Ryan and Loki Properties with engaging in discriminatory housing practices, based on race and sex, in violation of the Fair Housing Act.
31. On or about May 25, 2010, Defendants timely elected to have the charge resolved in a federal civil action pursuant to Section 812(a) of the Fair Housing Act, 42 U.S.C. § 3612(a).
32. On or about June 1, 2010, the Secretary authorized the Attorney General to commence a civil action on behalf of John Peet pursuant to Section 812(o) of the Fair Housing Act, 42 U.S.C. § 3612(o).

**FAIR HOUSING ACT CLAIMS**

33. By the facts and conduct alleged above, Defendants Robert Ryan and Loki Properties have:
- A. refused to negotiate for the rental of, or otherwise made unavailable or denied, a dwelling to a person because of race and sex, in violation of Section 804(a) of the Fair Housing Act, 42 U.S.C. § 3604(a); and
  - B. discriminated against a person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race and sex.
34. As a result of Defendants' conduct, John Peet is an aggrieved person as defined in Section 802(i) of the Fair Housing Act, 42 U.S.C. § 3602(i), and has suffered injury.
35. Defendants' conduct described herein was intentional, willful, and taken in disregard for the rights of John Peet.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff United States prays that the Court enter an order that:

- (i) declares that Defendants' conduct as alleged herein violates the Fair Housing Act, as amended, 42 U.S.C. § 3601, *et seq.*
- (ii) enjoins Defendants, their agents, employees, and successors, and all other persons in active concert or participation with them from discriminating on the basis of

race and sex against any person in any aspect of the rental of a dwelling, pursuant to 42 U.S.C. §§ 3612(o)(3) and 3613(c)(1);

(iii) awards monetary damages to John Peet pursuant to 42 U.S.C. §§ 3612(o)(3) and 3613(c)(1); and

(iv) awards such additional relief as the interests of justice may require.

Respectfully submitted,

B. TODD JONES  
United States Attorney

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ATTORNEYS FOR PLAINTIFF UNITED  
STATES OF AMERICA

## CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

**I. (a) PLAINTIFFS**

(b) County of Residence of First Listed Plaintiff \_\_\_\_\_  
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

**DEFENDANTS**

County of Residence of First Listed Defendant \_\_\_\_\_  
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

Attorneys (If Known)

**II. BASIS OF JURISDICTION** (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff  
☐ 2 U.S. Government Defendant
- ☐ 3 Federal Question (U.S. Government Not a Party)  
☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES** (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- |   | PTF                        | DEF                        |  | PTF                        | DEF                        |
|---|----------------------------|----------------------------|--|----------------------------|----------------------------|
| Citizen of This State                   | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated <i>or</i> Principal Place of Business In This State     | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State                | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated <i>and</i> Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation   | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

**IV. NATURE OF SUIT** (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<b>PERSONAL INJURY</b> <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
<b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<b>PRISONER PETITIONS</b> <input type="checkbox"/> 510 Motions to Vacate Sentence <b>Habeas Corpus:</b> <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <b>IMMIGRATION</b> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	

**V. ORIGIN**

(Place an "X" in One Box Only)

- ☐ 1 Original Proceeding  
☐ 2 Removed from State Court  
☐ 3 Remanded from Appellate Court  
☐ 4 Reinstated or Reopened  
☐ 5 Transferred from another district (specify)  
☐ 6 Multidistrict Litigation  
☐ 7 Appeal to District Judge from Magistrate Judgment

**VI. CAUSE OF ACTION**

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

Brief description of cause:

**VII. REQUESTED IN COMPLAINT:**

☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☐ Yes ☐ No

**VIII. RELATED CASE(S) IF ANY**

(See instructions):

JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

**FOR OFFICE USE ONLY**

RECEIPT # \_\_\_\_\_ AMOUNT \_\_\_\_\_ APPLYING IFP \_\_\_\_\_ JUDGE \_\_\_\_\_ MAG. JUDGE \_\_\_\_\_

**INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44****Authority For Civil Cover Sheet**

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

**I. (a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

**II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

**III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

**IV. Nature of Suit.** Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

**V. Origin.** Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

**VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553

Brief Description: Unauthorized reception of cable service

**VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

**VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

**Date and Attorney Signature.** Date and sign the civil cover sheet.